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8 APR 1968

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : CIA Retirement System

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I have the gravest concern about the future of the CIA Retirement System. I am advised that as the result of the several cost-of-living increases received by annuitants of the Civil Service Retirement System, annuitants of the CIA Retirement System are receiving from 3.9% to 13% lower annuities than they should be receiving.

Even though CIA assures its retirees and pending retirees that legislation is pending which will not only give us the Civil Service cost-of-living adjustment provisions plus a retroactive corrective bonus, Agency personnel are talking adversely about our retirement system. I also fear that the retroactive adjustment in terms of dollar amounts is accumulating to the point that an economy minded Congress might decide to ignore past inequities.

In a nutshell, unless CIA can persuade Congress to pass the necessary corrective legislation within the next year or unless the increase in the cost-of-living is drastically curbed, I believe employees will quickly conclude that the 3.75% better CIA annuity multiplier is a poor substitute for prompt cost-of-living increases.

I am also advised that hearings are being held on legislation that would give USIA and other Foreign Service type civilian personnel (excluding CIA) equivalent benefits of the Foreign Service Retirement System. If passed, CIA will certainly appear to be a legislatively ineffective, second-class service.

I cannot assess the political and other factors that obstruct our progress in the legislative field, but our case is clearly justifiable and the price of failure will be great!

STAT

SA-DD/S/SS/EDE:bak(9 Apr 68)

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